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No. 84-1953 (3)

In The

SUPREME COURT OF THE UNITED STATES

October Term 1984

MarCon, Ltd.

v

Helena Rubinstein, Inc.
et al

On Petition For A Writ of Certiorari
To The
U. S. Court of Appeals For The Fourth Circuit

REPLY OF PETITIONER-APPELLANT MARCON, LTD

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EDITOR'S NOTE

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INTRODUCTION

Respondent Helena Rubinstein, Inc. (HR) did not file an opposition brief within the required thirty days after receipt of Petitioner MarCon, Inc. (MarCon)'s petition for a Writ of Certiorari. As concerns Fourth Circuit's Appeal Case no. 83-1639, HR is in default.

Respondents Helena Rubinstein, Inc., Colgate-Palmolive Company (Colgate), Bruce R. Mishkin, Harold Obstler and Milton J. Wayne have ignored this Court and Petitioner and filed no opposition brief at all. They are MarCon's adversaries - appellees in Fourth Circuit's Appeal Case No. 84-2320 and, accordingly, are in default.

Since there is no timely opposition to MarCon's petition, the Court is moved to consider the Petition on its own merits. MarCon respectfully requests its petition be approved and that review of the Fourth Circuit's conflicting affirmations be made forthwith.

In making this request, Petitioner MarCon asserts that both Respondent parties ---HR as concerns Fourth Circuit's (CA-4C's) Appeal Case No. 83-1639 and HR, Colgate, Bruce R. Mishkin, Harold Obstler and Milton J. Wayne as pertains to CA-4C's Appeal Case No. 84-2320 --- have failed to file timely opposition briefs, are in default and have no opposition status as a result.

Several days after the due date of HR's opposition brief, HR filed a late brief. It repeated and confirmed the opinions in the Alexandria Division of the United States District Court for the Eastern District of Virginia (EDV), opining only that it agreed with Judge Bryan of the EDV.

IT MADE NO MENTION WHATEVER
OF THE FOURTH CIRCUIT APPEALS.

It agreed with MarCon's statement of jurisdiction.

It did not dispute MarCon's reference to statutory provisions, except to say that it

felt that the UCC's §9-203 had nothing to do with this trademark infringement action, yet it said nothing about the fact that HR has hidden behind and has alleged -- but never produced -- a phantom security agreement it claimed protected its incontestability, under that very statute.

That incontestability becomes as invalid as the HR former marks because their admitted generic descriptiveness by HR makes them non-registrable and makes them cancellable pursuant to Sec. 14 (c) of the Lanham Act. Therefore, the UCC cited section clearly has much to do with this infringement action.

HR's brief on the Statement of the Case and Summary of MarCon's argument contains no rebuttal at all, no proof at all, not a single specific allegation to refute MarCon. It alludes to vague generalities, using words like "illusory," but offers no facts or citations of law to support the conflicting affirmations of CA-4C.

While the failure to provide any proof at all to refute MarCon's proof did not hurt HR

below, HR has still not offered a single argument in defense of CA-4C's clear error of conflicting affirmations. HR thus confirms its agreement with MarCon that these decisions are in direct, indisputable conflict with each other.

In its argument -- as in the rest of its brief, untimely opposition brief -- HR rambles on about the district court below without expanding into the Fourth Circuit's conflicting affirmations. HR forgets completely that we are at the Supreme Court level appealing against Fourth Circuit's conflicting decisions.

Since HR has not been able to submit any proof to refute MarCon's proof and evidence, MarCon will limit its arguments to the highlights of its own petition. However, by its silence on the appeals below, HR tacitly files an admission of a party-opponent. (This will be discussed fully by MarCon in Argument II.) Far from being "illusory," MarCon's claims and arguments are concrete, clearly defined, and are well supported. They stand unrefuted by HR.

HR's final statement against overturning the District Court's decisions are not the real questions here. Rather, the principal issues here are the conflicting decisions of the CA-4C which must be overturned as a matter of Justice.

ARGUMENT

I

WHEN THE DECISIONS OF TWO PANELS OF JUDGES OF THE SAME APPEALS COURT ARE IN CONFLICT, SUPREME COURT REVIEW IS CLEARLY A NECESSITY. WHEN THE SECOND PANEL THEREOF DECIDES TWO SEPARATE CASES TOGETHER WITHOUT CONSOLIDATING THEM AND THE RESULT IS A CONFLICT BETWEEN THE TWO DECISIONS BY THE SAME PANEL AS WELL AS A CONFLICT WITH A SISTER APPEALS COURT, THE REVIEW OF THE SUPREME COURT IS MANDATED TO REMEDY SUCH CLEAR ERROR.

On 1 December 1982, the U. S. Court of Appeals for the Fourth Circuit (CA-4C)'s panel of judges affirmed res judicata which was established by Judge Oren R. Lewis of the Alexandria Division of the U. S. District Court for the Eastern District of Virginia (EDV) in the first trial of C. A. 80-1051-A. (Same was articulated in his Order of 14 October 1981). In that decision, Judge Lewis found for Helena Rubinstein,

Inc., Respondent/Appellee (HR) herein. He sustained HR's contention that its "SILK Face Powder" label, later replaced by "SILK Fashion" label, described actual silk powder, an ingredient in the product; and, therefore, it was non-registrable and invalid as a registration. Judge Lewis also found that long before the registration of HR's marks, SILK Fashion, SILK Sheen, and SILK Film (discontinued in 1971), Petitioner/Appellee MarCon's SILK Cosmetics were sold since 1935 in Virginia and nationwide by both MarCon and MarCon's Licensees, Avon Products, Inc. and Revlon, Inc.. The millions and millions of dollars of Licensees' sales inured to MarCon, and still do.

However, the panel vacated the order of Judge Albert V. Bryan, Jr. in the EDV's action and remanded same for retrial on other grounds. In his 5 July 1983 Order and Memorandum Opinion for the 29 June 1983 retrial of the action, Judge Bryan omitted any mention of MarCon's charge that HR infringed MarCon's mark "Rose SILK" by also selling a "Rose SILK" lipstick.

This was another clear error by Judge Bryan who thus ignored the said res judicata and dismissed MarCon's action.

Both Judge Bryan and Judge Lewis recommended a second, separate action to resolve the "Rose SILK" issue and other matters between the parties. Whereupon, EDV's C. A. 83-912-A was filed by MarCon. However, with no supporting legal or factual basis whatever, Judge Bryan, in response to an HR motion for same, dismissed the separate action in Summary Judgment, declaring clearly erroneously that he had already decided the issues or they were litigated in the earlier C. A. 80-1051-A case, when they clearly were not.

As a result, CA-4C found itself in possession of two appeals from the above decisions, i. e., No. 83-1639 for the C. A. 80-1051-A and no. 84-2320 for C. A. 83-912-A. Rather than consolidate them as logic dictated, CA-4C informed the parties that it would decide the cases together but without consolidation. Thus, although it refused to consolidate the cases,

the Fourth Circuit found it necessary to supplement the records of the cases, one to the other, in order to make the decisions of the two cases.

On 20 March 1985, CA-4C issued a decision affirming Judge Bryan's 5 July 1983 Order and Memorandum Opinion of C. A. 80-1051-A wherein there was absolutely NO mention of "Rose SILK." It then issued a second decision on 9 May 1985 affirming Judge Bryan again in C. A. 83-912-A wherein Judge Bryan erroneously stated that he HAD decided the matter of "Rose SILK" in the earlier case, when, in fact, he made no mention whatever of "Rose SILK" in the decision of the earlier case. This put CA-4C in the purely contradictory position of stating on the one hand that Judge Bryan had decided the matter of the "Rose SILK," and on the other hand that he had NOT decided the matter of "Rose SILK": clearly a contradiction. Therefore, Judge Bryan's declaration of res judicata or collateral estoppel was affirmed despite the clearly erroneous and impossible declaration of the second decision of the CA-4C.

NOTE: Even HR's "Brief for Appellee" on pages 9 and 10, under "ISSUES NOT BEFORE THIS COURT," states clearly, unequivocally, that "Rose SILK" was never mentioned below in C. A. 80-1051-A.

In view of the above, the second panel of CA-4C, already in conflict with the first panel as stated, NOW had ITS OWN two decisions in conflict with each other, i. e., the decisions of No. 83-1639 on 20 March 1985 and No. 84-2320 on 9 May 1985! Yet, so clear was the EDV error that HR's own Brief noted it, thus magnifying the second CA-4C panel's stunning error!

Finally, Judge Bryan's Order of 5 July 1983 completely ignored the Trademark Trial and Appeal Board's (TTAB's) 1976 decision in Cancellation Action no. 10,638 which was the basis for Judge Lewis' original decision, affirmed by the CA-4C earlier, that MarCon had proven its valid Virginia right. (That Trademark Case History File was stipulated to as evidence by opposing counsels herein. It was approved by Judge Bryan and admitted by him as evidence (in C. A. 80-1051-A). Thus, in affirming Judge

Bryan's decision that no valid right had been proven, which decision was completely contradicted by the earlier TMO decision in Canc. no. 10,638, the second CA-4C panel put itself squarely in conflict with its sister Appeals court, the Trademark Trial and Appeal Board! (See A-95 for the pertinent page of this Trademark Case History File, showing MarCon's "SILK Cosmetics" were promoted in Virginia in [June and] July 1959, prior to the registration of HR's marks "SILK Fashion," and "SILK Sheen," and in addition to the millions in sales of Avon and Revlon inuring to MarCon by right of License.) Despite such proof of sales accepted by the TMO, accepted by Judge Lewis and affirmed by the first CA-4C panel of judges, Judge Bryan declared that there was not a "shred of evidence" of any SILK sales in Virginia by MarCon. In affirming Judge Bryan, the second panel of CA-4C thus contradicted the first panel of CA-4C judges, itself, and the TMO, clearly madating the Writ of Certiorari!

II

WHEN RES JUDICATA, ADMISSIONS AND STIPULATIONS ARE PROPERLY ESTABLISHED AND AFFIRMED (WITHOUT THE AFFIRMATION'S BEING APPEALED), IRREVERSABLE LAW BETWEEN THE PARTIES RESULTS AS FAR AS THIS ACTION IS CONCERNED.

The res judicata affirmed by the first panel of CA-4C judges is irreversable law and cannot be overturned by the second panel's order. Therefore, review by the Supreme Court is necessary to remedy this clear error in the contradictory affirmation by CA-4C of EDV below.

The said stipulation of the Trademark Case History File for Canc. 10,638 becomes a fact proved, since, by definition, a stipulation is a

> "...Voluntary agreement between opposing counsel concerning disposition of some relevant point so as to obviate need for proof..."
>
> ---See Black's Law Dictionary; Arrington v State, Fla. 233 S. 2d. 634,646; Bourne v Atchison, T. & S. F. Ry. Co, 209 Kan. 511, 497 P. 2d. 110, 114.

Even more demanding of review by this Court are the significant, relevant "Admissions by Party-Opponent" which were completely ignored by both the EDV and the affirming CA-4C panel's 20 March 1985 Order: a clearly erroneous

omission.

By definition, an "Admission" is:

> "A statement...not heresay..." and it is "...the existence of a fact relative to the cause of his adversary..."
>
> ---See Black's Law Dictionary; Vockie v. General Motors Corp., Chevrolet Division, D. C. Pa., 66 F. R. D. 57, 60; Fed. Evid. R. 801 (d) (2).

HR admitted that "SILK Fashion" replaced "SILK Face Powder" as designator of HR's face powder contents, thus making that trademark registration no. 766,498 invalid and cancellable under Sec. 14, 15 U. S. C. 1064 (c). Such admissions are seen in A-77 and A-78 of our Petition for Certiorari. Therefore, CA-4C's affirmation that HR's marks are incontestable is clear error.

HR admitted that it did use MarCon's whole mark "SILK"...featuring it in HR's composite marks. (See Title Report of HR's "SILK Film" application in MarCon's Retrial Exhibit 11.)

HR admitted that its witnesses...

> "...were fact witnesses and were not asked to give opinions regarding confusing similarity..."

This Admission by a Party-Opponent...i.e., by HR, that it provided no evidence to refute actual proof of confusion submitted by MarCon--- appears in HR's "Brief for Appellee", page 13, part VIII thereof, filed in CA-4C Case no. 83-1639.

The weight of authority is that proof which is not refuted by defendant is testimony proved by plaintiff. Therefore, MarCon's six incidents of actual confusion admitted as evidence by Judge Bryan in EDV C. A. 80-1051-A prove that HR was, and still is, an infringer and is without any opposition testimony against MarCon's clear evidence:

> "While very little proof of actual confusion would be necessary to prove likelihood of confusion, almost overwhelming proof would be necessary to refute such proof..."
>
> ---See Country Properties, Inc. v Bill's Country Kitchen (DC Fla), 204 USPQ 548

CA-4C's second panel, in affirming Judge Bryan, is in conflict with the res judicata which CA-4C's first panel affirmed on 1 December 1982. It is also in conflict with HR's admissions and stipulations!

III

WHEN TRIAL COUNSEL KNOWINGLY OFFERS INTO EVIDENCE FALSE INFORMATION IN A TMO DOCUMENT HE KNOWS HAS BEEN FALSIFIED, THE LAW AND CODE OF LAWYERS' RESPONSIBILITY ARE CLEAR THAT THE FALSIFIER'S TESTIMONY MUST BE STRICKEN.

HR's counsel entered into the EDV retrial his certification that HR was the registrant-owner of "SILK Film" registration no. 525,575 (discontinued in 1971 and thus abandoned by HR), "SILK Fashion" registration no. 766,498 and "SILK Sheen" registration no. 681,610 as marks "in being," "in force," and "in existence" and owned by HR. The fact was, however, that HR had sold all three marks to Colgate months before HR even entered a pleading below. That sale was duly recorded in the Trademark Office and remains so today. This same HR counsel knowingly offered as genuine a falsified Trademark Office document which incorrectly showed that MarCon's "SILK" registration had been cancelled. HR also offered as exhibits HR's "Correction Assignment" which it openly admitted was an effort to correct the ambiguity and confusion created by the original assignment documents.

HR also attempted to regain ownership of the SILK marks it had sold to Colgate, declaring it <u>again</u> owned the marks. This newly claimed ownership was untrue since the TMO refused to change the assignment of registrant-ownership from Colgate back to HR. Even at this writing, July of 1985, the Trademark Office still holds that Colgate is and has been the registrant-owner of the HR marks since 2 July 1980.

CA-4C's second panel of judges affirmed Judge Bryan's 5 July 1983 Order even though it <u>completely ignored</u> the TMO's three successive certifications that Colgate, not HR, was the true registrant-owner of the SILK marks, and that Colgate had been the owner since 2 July 1985. This is clear error by the second panel of Judges whose erroneous decision overlooked completely the obvious fact that HR had deliberately lied under oath by denying that it had ever sold its trademarks. The Court, in refusing to join Colgate as a party-defendant as MarCon had requested, deprived MarCon of crucial discovery to which it had an inviolable right. Even

grosser error was committed by Judge Bryan who declared without any regard for the facts which were plainly before him that MarCon had not been denied Discovery by HR and Colgate. The declaration was all the more shocking in the light of the crystal clear admission by HR to Judge Lewis in the June 10, 1983 hearing of EDV's C. A. 80-1051-A that it had not answered ANY of MarCon's retrial interrogatories, not even one! In fact, HR profited by Judge Lewis' sudden death by ignoring altogether his order, given orally, that they see to the Discovery at once.

Such clearly erroneous affirmation by CA-4C's second panel puts the Fourth Circuit at the farthest distance possible from acceptable appeals court procedure and practice. Neither court has the right or power to ignore the U. S. Patent and Trademark Office's certifications as aforesaid, since that official government body alone is charged with the power to assign registered ownership of copyrights and trademarks. This affirmation by CA-4C of gross error

below stands unrefuted as a clear third error by the Fourth Circuit. In that affirmation, the CA-4C sustained the EDV's finding and its acceptance of the falsified document offered as genuine by HR counsel. It also permitted HR to avoid guilt or consequences of the falsification. The Court thus condoned HR's deliberate tampering with a government document when it permitted HR to offer it as a true document issued by the Trademark Office. The Court did so in spite of an Affidavit submitted by the Trademark Office that the TMO had made no such mistake and that the TMO had told HR's counsel clearly and correctly that MarCon's mark was valid and, in all respects, in order.

HR's intent was to mislead Judge Bryan, and HR succeeded. The falsified document influenced Judge Bryan to ignore three consecutive years of Trademark Office certifications, signed by the Commissioner of Patents and Trademarks, that Colgate, not HR, was the registrant-owner of SILK Fashion, SILK Film and SILK Sheen.

Accordingly, this Court of Last Resort

is requested to consider that there was abuse of the discretionary power in the District Court below, when Judge Bryan admitted HR's argument exhibit of the falsified status copy of MarCon's trademark registration. CA-4C's affirmation of same, further, put the Fourth Circuit in conflict with its own ruling in a similar case, Arnold v. Eastern Air Lines, Inc., 721 F. 2d. 899 (1983), two brief years earlier.

In cited case, the District Court judge below failed to stop immediately a counsel who cited the Airlines damage payments in a non-factual manner that deprived "...the other side of a fair trial...". It swayed the outcome of the case against Eastern Air Lines, Inc.— according to CA-4C — by not stopping such counsel when he "...should have been stopped instantly..." The Fourth Circuit, then, reversed and remanded that part of the decision below, opining, clearly:

> "Improper conduct of counsel for plaintiffs and for government required reversal of judgment in favor of plaintiffs..."

In view of the foregoing, the Writ of Certiorari should be granted and reversal follow with all fees and costs against HR.

— See A-8 to A-21, A-79 to A-93, and Judge Lewis' 10 June 83 transcript, pages 9 and 10 in EDV C. A. 80-1051-A.

IV

CONCLUSION

Petitioner moves for review of CA-4C's Appeal Case No. 83-1639 because of the cited conflicts of the decisions therein. While Respondent ridicules MarCon, it submits no proof at all to refute the proof of evidence presented by MarCon.

Petitioner, further moves, in requesting the Writ of Certiorari of the Court, for review of CA-4C's Appeal Case No. 84-2320 (decided together with its No. 83-1639) on the ground that the Respondents, HR, Wayne, Colgate, Mishkin and Obstler ALL ignored MarCon's Petition which, now, stands before the Supreme Court unopposed.

WHEREFORE, since none of the respondents in either case responded in opposition or refuted the MarCon petition or proof, the Writ of Certiorari should be granted.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I certify that I sent post-paid, a copy of this Reply Brief to the following opposing counsels:

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